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FISCAL IMPACT STATEMENT

LS 6139
BILL NUMBER: SB 285

NOTE PREPARED: Jan 2, 2009
BILL AMENDED:

SUBJECT: Property Tax Payments.

FIRST AUTHOR: Sen. Holdman
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill permits a county legislative body to authorize the transmission by electronic mail of property tax statements and related information. It charges the county treasurer and county auditor with the administration of the program. It requires the designation of a single electronic mail address for joint owners and entities other than individuals. If the electronic mail is not received, it requires the county treasurer to mail a hard copy of the statement. It also directs the Department of Local Government Finance to create a form for taxpayers to authorize the transmission by electronic mail and requires a county to make the form available to voters at the polls at each election.

The bill allows for automatic deductions of payments for property taxes and special assessments from any account held by a financial institution, not just from a checking account. It requires a county to distribute to political subdivisions in the county at the normal semiannual distribution date revenue from monthly installment property tax collections.

Effective Date: July 1, 2009.

Explanation of State Expenditures: This bill directs the Department of Local Government Finance (DLGF) to design and promote a form for taxpayers to authorize the county to transmit their property tax statements via electronic mail. This could add administrative duties to the DLGF. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures: For taxes payable in 2010 and after, this bill authorizes counties to transmit property tax statements and related information to taxpayers via electronic mail. This could result in startup costs for those counties that choose to implement its provisions. However the startup costs could be mitigated by savings with reduced costs of mailing and processing tax statements.

The bill requires that each county would have to make available to taxpayers envelopes and copies of the form used to request receipt of tax statements via electronic mail. Assuming a cost of $0.10 for each form, envelope, and processing, this could result in a maximum statewide cost of approximately $415,000 if all counties adopt this bill. Counties would be required to have these forms available at voting booths at each election, and they may have to do this over several elections. If it has not already done so, each county would also have to either purchase or contract for electronic mail capability; this could include the purchase or upgrade of computers, software, and continuing technical support.

Additionally, the county would have to maintain a list of those taxpayers who choose electronic mail tax bills and to determine whether these taxpayers actually did receive their statements via this medium. If the county determines that the taxpayer did not receive the tax bill via electronic mail, it would have to send the statement to the taxpayer via regular mail and extend the deadline for payment by 15 working days after the due date on the electronic mail transmission.

On the other hand, counties should generally see a decline in operating costs due to a decrease in regular mailings. Depending on how a county manages its tax billing process and the number of taxpayers who choose the electronic mail option, the decrease in operating costs could be substantial. For example, one county indicated that it spends between $1.00 and $1.50 to process a tax bill. This includes cost of printing, transportation (the county currently contracts out the insertion of the tax bills into the envelopes but must transport the bills and envelopes to the contractor), computer accessories (printer cartridges, toner etc), and paper. Once the startup costs for setting up the database for e-mail transmission have been covered, the county estimates that it will save close to $1 per each tax bill sent out via this medium; as a minimum counties would be able to save on the postage costs. Additionally, counties that have to send out both provisional bills and reconciliation statements for a particular pay year could see their savings double for that pay year.

Background: Only 2 of the 92 counties do not currently have e-mail capability in the treasurer’s office. Current law permits automatic payments from checking accounts. Additionally, 22 counties, including the 2 counties alluded to above, have contracted with a service that allows their taxpayers to pay their bills on-line or by phone. Taxpayers pay their bills by credit card, usually for a fee that the taxpayer also pays. At least one county permits its taxpayers to pay at selected banks that charge a fee for the service, and this county also notifies taxpayers (at their request) about pending due dates. Some counties also notify taxpayers via e-mail, at their request, when property tax statements become available for review.

There are many options for counties who desire to obtain e-mail capability or upgrade their current service. Depending on the service, setup fees can range from $0 to about $600 with average monthly payments ranging from about $10 to $120.

Explanation of Local Revenues: The bill also extends automatic deduction of property tax payments from accounts other than checking accounts such as savings accounts. As noted above, some counties permit on-line payments via credit cards. As a result, both the counties and taxpayers would have additional tools to manage their property tax payments. The bill stipulates that if a taxpayer elects to receive his tax bill by electronic mail and did not receive it by the due date, the county is obliged to send the tax bill via regular mail to the taxpayer and extend the deadline for payment by 15 working days. This might cause some negative impact on tax receipts, the severity of which would depend on the number of taxpayers and the amount of revenue involved. Apart from this, however, the fiscal impact on revenue receipts is expected to be negligible.

State Agencies Affected: DLGF.

Local Agencies Affected: County auditors; County treasurers.

Information Sources: Directory of County Officials, 2007-2008; County treasurers; County websites; Cindy Land and Thomas R. Creasser, II, Marion County Treasurer's Office, 317-327-4040; Roger A. Bainbridge, Grant County Treasurer's Office, 765-668-6556.

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